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JAPAN AFTER THE WAR.

BY JACOB H. SCHIFF.

NEARLY a year has passed since the momentous struggle between the Northern Goliath and the Far-Eastern David came to an end, and the world still stands amazed at the surprising result —hardly equalled in the history of great wars—which has come about.

In the opening days of 1904, the writer, with a number of friends, was discussing the position of Russia, the outrageous oppression it practised against its non-Orthodox subjects, especially against its Jewish population, and the standing menace it formed to the peace of the world. As if by inspiration, the writer then advanced his belief, not only that Russia, then on the eve of the struggle with Japan, would be beaten and humiliated, but that the result of such a war would lead to the breaking up of the Russian autocracy.

What followed is a matter of record and has already passed into history. Not very generally is it realized, however, what Anglo-American friendship and support, moral and financial, meant to the Island Empire; how without these, the gallantry of its people, their readiness to sacrifice their all to maintain the supremacy of their country against the aggression of the Northern

Colossus, would have been of no avail. Had America not willingly joined hands with England in the spring of 1904, when Japan made the first attempt to secure foreign loans for the purposes of the war—an appeal which, until America showed its willingness, even eagerness, to cooperate, was met in England not over-enthusiastically; and had the two nations not so readily opened their money-markets to every succeeding Japanese war loan, nothing could have averted the financial and economic ruin of Japan at a comparatively early stage of the struggle. The abandonment of the gold standard would, of necessity, have immediately followed a failure of the Japanese Loan Commissioner to secure foreign loans; nor would it have been possible to continue the war for any length of time with a depreciated or forced currency, which Japan could not have absorbed to a sufficient extent to enable her Government to maintain its ability to procure sufficient war material, and to sustain its armies in foreign lands where irredeemable paper money would not have been accepted. But Japan was fighting, not only her own cause, but the cause of the entire civilized world; and it was right, therefore, that England and the United States should assume a position which, if for a time it involved a certain financial risk, prevented consequences, too serious to contemplate, which would have supervened if Japan had been compelled to succumb in the life-and-death struggle Russia had forced upon her.

To understand a people, their national aims and purposes, one needs to go amongst them, and this consideration induced the writer, in the early months of this year, to visit Japan and to travel extensively through the Islands and in Korea. The latter country, as a consequence of the war, has become, for all practical purposes, a vassal state of the Island Empire, the Korean Emperor being permitted to retain only a nominal suzerainty. No longer has Korea any direct diplomatic relations with foreign countries; its finances have passed under Japanese control, as have the post, the telegraph, the railway and every other important branch of administration. It is well that this should be so. Korea for decades had become the theatre for foreign intrigue of every kind, its natural resources were being exploited by adventurers of every nationality, corruption held high carnival, security to property did not exist, law there was none, or such only as could be purchased by the highest bidder.

That these conditions, which were fostered by Russia in every possible manner—in order to permit her to appear finally as the savior of the country—were the primary cause of the war is now very generally understood, as is the fact that Japan had to risk all to drive Russia, once and forever, out of Korea, if she was to continue in future to exist as an independent nation. Now that Japan has succeeded in forcing the aggressor back into his own domain, her first care has been to safeguard permanently her control over Korea. She has begun this work by cutting off Korea's diplomatic intercourse with foreign nations, and, as already stated, she has with a firm hand taken under her own control the administration of the country. It speaks volumes for the earnestness of Japan's purpose that she has sent the Marquis Ito, her foremost statesman, and himself one of the builders of New Japan, as Resident-General to Seoul, assisted by men like Megatta, Tsuruhara and Stevens (the last named being the well-known American adviser to the Japanese Foreign Office), not alone to establish orderly government throughout Korea, but thereby to make Korea, to all intents and purposes, a tributary to Japan. It is a situation such as England had to face in Egypt, and there can be little doubt that most beneficial results will accrue to Japan and Korea from the new condition of affairs, similar to those which have come to England and Egypt from the former's guidance of the destinies of the land of the Pharaohs. The dormant resources of Korea are still great; the agricultural possibilities of the southern half of the country can, with proper irrigation and transportation facilities—now assured through the Fusan-Seoul Railway—be considerably developed; the lumber reserves of the north are of immense value, while the country all over abounds in minerals, especially gold, which, with modern methods, are said to be capable of lucrative development. Thus, with law and order established, the Koreans are certain before long to know a prosperity of which heretofore they have had little conception, while Japan herself will have assured to her commerce and industry new markets, which, notwithstanding the "open door," must primarily, for obvious reasons, yield to her their richest fruits.

It is in this development of the fresh markets of Korea and Manchuria in particular, and of China in general, that Japan has begun to seek, and will find, compensation for the tremendous

sacrifices the nation made during the recent war. Of the war nothing is any longer heard in Japan; and, while the Military Party still wields a potent influence in the councils of the Government, as is but natural, the men who have been the founders of New Japan—men like Marquis Ito, Count Okuma, Count Matsukata, Count Innouye and others—are thoroughly alive to the dangers which lie behind the glitter of a strong military administration, and are using every influence to prevent the burdening of the country with a policy which would seek to place strategical and military considerations above those of commercial and industrial progress. The first struggle between these two tendencies was precipitated by a bill introduced at the last session of Parliament, providing that the principal private railways should pass into Government ownership. This measure was strongly supported by the Military Party; and notwithstanding the determined, even bitter, opposition which it encountered among those who, for economic reasons, did not favor it, the bill was passed under the strong pressure of Marquis Sionji's Cabinet and the influence of the representative of the Military Party, Marquis Yamagata. The belief seems justified, however, that this victory of the Military, in the adoption of a measure upon which much can be said *pro* and *con* from an economic standpoint, need not create alarm, and that, in the main, prudent and sound counsel will prevail among those who are called upon to direct the course of the nation. That there is a governing class in Japan cannot be denied; but it recruits itself constantly from the best elements among the people, who are rapidly growing ripe in political experience and are generally taking an active interest in the national affairs. Indeed, the whole system of popular education tends toward such a condition. Among no other people can be found a greater thirst for learning; public schools are many and of every grade; attendance is compulsory and education is entirely free. Tokio University, Waseda University, Kyoto University and other advanced seats of learning compare favorably with the best American Colleges and Universities, as to fixed apparatus as well as to quality of the faculties.

If one were to characterize the people of Japan, a people generally believed, and no doubt properly so, to be full of sentiment, one would have to say that they are a sober people. Except under high pressure, such as existed at the time when peace

was concluded at Portsmouth, the Japanese people are not easily carried away; the actions of the nation's leaders are, as a rule, the result of mature consideration and careful calculation. Neither the statesman nor the merchant reaches conclusions in haste; anything finally determined upon and done generally attains the result aimed at. It is amazing how readily and rapidly the Japanese understands how to adapt himself to any new conditions he finds to be to his advantage; and in this, no doubt, must be sought the secret of the wonderful progress the country has made during the past fifty years. Men of advanced age, who are among the most conspicuous leaders in education, in finance and in trade, will frankly tell you that, fifty years ago, when Perry came and demanded admittance, they stoutly opposed the taking down of the bars to let the foreigner in; but, having found out their mistake, these very men became the foremost creators of Modern Japan; and even to-day — notwithstanding the great age these men have now reached—they are still in the front rank of those who make for modern progress and civilization. The spirit, however, which leads is the Throne itself. Upon it sits a Monarch, whose dynasty has been in possession of the Government for upward of two thousand years; who has himself been educated in the theory that his sovereignty is heaven-born, that the people are his by divine right, that his power is absolute; and who, nevertheless, without revolution or outside pressure, has divested himself of all autocratic power, has freely inaugurated the most advanced constitutional government, and has come to be recognized as animating every movement which is likely to promote the progress of the nation. One cannot be surprised, therefore, at the great loyalty which the Japanese show to their Sovereign, and which goes so far in maintaining pure patriotism. Their loyalty to their country and to each other was the determining factor in the recent war; it secured victory to the Japanese army and navy; and it will, in the new era upon which the country has entered, be certain to assure to Japan commercial and industrial supremacy and success in every peaceful enterprise.

Indeed, though not a year has yet passed since the Russo-Japanese War ended—one of the most sanguinary conflicts in history, which has torn Russia asunder, politically, commercially and industrially—Japan has already repatriated her armies, has ceased even to discuss what happened during the titanic conflict,

and her people are now occupied in a united mighty effort to secure compensation in the avocations of peace for the great sacrifices which they were called upon to make. In Japan everybody appears to do work of some sort, and while the remuneration of labor of every kind is low, so is the cost of living; the common people appear to be happy and satisfied, considerably more so than the same class of people in Europe or America, with their much higher standard of earning. In Old Japan, such a thing as saving was entirely unknown. It is only since the Restoration and the entry of Japan into the family of modern nations that the accumulation of wealth has begun. The people appear, however, to be quite desirous of making up for lost time. The new era finds banks established throughout the country, competing keenly for deposits, for which they offer a high rate of interest. Then, too, these rapidly learning people appear to have adopted every approved method which practical experience in economic and fiscal science has taught. Under Count Matsukata's wise and prudent administration of the Treasury, the gold standard was introduced and it has become a fixed fact; it was jealously guarded and maintained at great cost, even during the late war, with its enormous strain upon the resources of the nation. These resources, as far as natural wealth is concerned, do not appear to be great. Especially is the absence of iron ore a considerable drawback to a people who, for their development and material up-building, must, in the first instance, rely upon their creative power as an industrial nation. But, while natural resources are limited, the intelligence and productive energy of the Japanese are so great that these qualities make up, to a considerable extent, for the want of different kinds of raw material, which in many instances has to be brought in from other countries and is turned into manufactured goods, at a low cost, both for home consumption and for export. Only when the new markets now being opened in Korea and Manchuria have become more fully established, is the true strength of Japan, as an industrial nation of great producing capacity, likely to show itself and to become appreciated by the other nations, who base such high hopes upon the promise of the "open door"—hopes which are likely to be doomed to considerable disappointment, because of the industrial possibilities of Japan and the advantage of her position in legitimate competition with her rivals.

What Japan still needs is more and better transportation facilities. It is hardly conceivable that five or six thousand miles of narrow-gauge railroad can suffice for a highly civilized industrial and agricultural nation of forty million people. It is true that the location and formation of the Islands permit of superior water transportation, but a large part of the interior is as yet difficult of access. This, it is expected, now that the Government is about to assume ownership of practically the entire existing railroad system, will be remedied before long, though the heavy debt the country is shouldering, as a legacy of the war, should, and no doubt will, make the Government cautious in assuming new financial responsibilities.

Japan's national debt, including about four hundred million yen of Internal Bonds to be issued during the next ten years in payment for the railways, amounts in round numbers to twenty-five hundred million yen (\$1,250,000,000)—a considerable burden for a country comparatively small in area and of limited natural wealth. The great productive ability, however, of its numerous population, the people's great frugality and high intelligence, go far to offset the heaviness of the burden which the national debt would otherwise doubtless form; and, indeed, taxes are borne, apparently, with entire willingness by all classes. Moreover, the ownership of the railways will mean a national asset of large and steadily increasing value, as do already the tobacco and salt monopolies. Considerably more than half of the national debt is held at home, the foreign debt of the Government amounting to something like one thousand million yen. It is, possibly, because of the desire, on the part of the prudent men who determine the country's economic policy, to accustom the people to the burden of the debt, and to prevent any spirit of dissatisfaction because of the taxation this makes necessary, that the Government has drawn so heavily upon the country's own capital for its requirements, and has created internal obligations, even when foreign loans could have been placed on more advantageous terms than it was possible to obtain from home investors. Up to a certain point this is a wise, statesmanlike and laudable policy; but a country which is just entering upon an era of far-reaching industrial and other development needs to retain its capital for such development, rather than have it tied up to too large an extent in loans to its Government.

It is well that the fact has become recognized in Europe and in the United States that Japan means to be, and is to be, the dominant factor in the Far East, and that any commercial or other advantages in the distant Orient, which Europe and America desire to secure, can be obtained only by the same legitimate methods these nations employ in their dealings with each other. The recognition of this existing situation, which has become so thoroughly accentuated through the result of the Russo-Japanese War, is certain to make for lasting peace in the Far East. With the opening up of Korea, Manchuria and China under Japanese influence and tutelage, an enormous new field for consumption is being created, the benefits of which, while in the first instance they are likely to accrue to Japan, cannot but serve as an impetus to the commerce of the entire world, from which Europe and the United States should profit for many a decade.

JACOB H. SCHIFF.